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# South Carolina General Assembly



## Legislative Audit Council



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The State of South Carolina  
General Assembly  
Legislative Audit Council  
A Management and Performance  
Review of the  
College of Charleston  
December 16, 1986

**THE STATE OF SOUTH CAROLINA**

**GENERAL ASSEMBLY**

**LEGISLATIVE AUDIT COUNCIL**

**A MANAGEMENT AND PERFORMANCE**

**REVIEW OF THE**

**COLLEGE OF CHARLESTON**

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## REPORT SUMMARY

At the request of the General Assembly, the Legislative Audit Council conducted a management performance audit of the College of Charleston. During the Council's review, the Division of General Services completed and released in January 1986 an audit of the College's purchasing practices and procedures. Further, the State Auditor's Office reviewed the College's financial statements, as well as selected issues raised by the requestors of the Council's audit. The State Auditor's report was released in November 1986. In order to avoid duplication, the Council did not review the programs and activities which were examined by these agencies.

In conducting the audit, the Council reviewed some areas in which **no material problems were found and other areas in which improvements were being made.** Areas having no material problems included the organizational structure and size of the faculty and staff, salary levels for College employees and administration of the tenure system. The State College Board of Trustees' approval of student fees and the College's acquisition of real property were also conducted appropriately. Improvements were made during the audit in areas including the recruitment of minority students and academic and administrative computing.

However, the Council found areas where improvements can be made in the management of College programs and activities. These include:

- Over a two-year period, the College spent a substantial amount in state funds to raise funds for a private, nonprofit organization. Also, two nonprofit organizations have given salary supplements and perquisites to College employees which could cause a conflict of interest (see p. 8).
- The College has not consistently followed its student admissions policy. Applicants who did not meet admissions standards have been accepted by the College, while those who did meet admissions standards have not been accepted (see p. 21).

- The College has not repaid the cafeteria \$350,000 borrowed to finance the renovation of another building as required by the Budget and Control Board (see p. 15).
- The College awards maximum salary increases to all retiring faculty members without considering merit. This policy does not apply to other College employees (see p. 23).
- The College could save an estimated \$190,000 annually if it replaced its security guards with part-time student guards (see p. 28).
- The College does not have an adequate preventive maintenance system for its physical plant. As a result, long-term repair and maintenance costs are likely to be higher than necessary (see p. 29).
- The Council compared College fees to fees at other state institutions and found that the nonresident to resident fee ratio is lower than the state average. Also, the extent to which taxpayers should subsidize higher education for nonresidents is unclear, because there is no statewide policy for setting nonresident and resident fees (see p. 12).

There are several areas in which the College has not followed state laws or regulations. The College credits sick leave to faculty in excess of the amount permitted by state regulation. Further, faculty are not consistently charged sick leave when absent from work due to illness. The College does not adequately conduct employee performance evaluations or obtain prior approval from the Budget and Control Board for some foreign travel. Also, the College has contracted for consultant services on a sole source basis in violation of state law.

The following chapters discuss, in detail, these problems and others found at the College of Charleston. Recommendations for improvement are also included. The terms College of Charleston and the College are used interchangeably throughout the report. The Council appreciates the cooperation and assistance of the College staff during the course of the audit.

## CHAPTER I

### BACKGROUND

The College of Charleston is a liberal arts college which offers degrees in the arts and sciences, as well as education and business administration. Today, the College has 22 undergraduate and three graduate degree programs. Founded in 1770, the College became a state institution in 1970.

The College is governed by the State College Board of Trustees. The Board, composed of one member from each judicial district in the state, is elected by the General Assembly. In addition to the College of Charleston, the Board also governs Francis Marion College and Lander College. The Board is empowered to enter into contracts; lease and sell real property; fix tuition fees and other charges to the students; and make bylaws, rules and regulations for management of its affairs.

The President of the College is the chief executive officer and Chairman of the Faculty. He is vested to act for the trustees in administering the College and is responsible for achieving the stated purposes of the College.

When the College became a part of the state system in 1970, enrollment was less than 500. Within a year after the College became a state institution, enrollment doubled. In Fall 1986, enrollment had increased to a headcount of 5,531 and the number of full-time equivalent students was 4,376 (see Table 1).

**TABLE 1**  
**STUDENTS AT THE COLLEGE OF CHARLESTON**  
**FALL SEMESTER 1982 THROUGH 1986**

| <u>Full-Time Equivalent<br/>(FTE) Students</u> | <u>Fall 1982</u> | <u>Fall 1983</u> | <u>Fall 1984</u> | <u>Fall 1985</u> | <u>Fall 1986</u> |
|--|------------------|------------------|------------------|------------------|------------------|
| Undergraduate                                  | 4,365            | 4,315            | 4,342            | 4,097            | 4,225            |
| Graduate                                       | <u>101</u>       | <u>94</u>        | <u>90</u>        | <u>121</u>       | <u>151</u>       |
| TOTAL  | <u>4,466</u>     | <u>4,409</u>     | <u>4,432</u>     | <u>4,218</u>     | <u>4,376</u>     |
| <br><b><u>Student Headcount</u></b>            |                  |                  |                  |                  |                  |
| Undergraduate                                  | 5,153            | 5,091            | 5,165            | 4,994            | 5,145            |
| Graduate                                       | <u>241</u>       | <u>232</u>       | <u>230</u>       | <u>309</u>       | <u>386</u>       |
| TOTAL  | <u>5,394</u>     | <u>5,323</u>     | <u>5,395</u>     | <u>5,303</u>     | <u>5,531</u>     |

Source: South Carolina Commission on Higher Education.

In FY 86-87, the number of full-time equivalent employees at the College totaled 605. Of these, 229 were instructional staff and 133 were institutional support staff (see Table 2).

**TABLE 2**  
**EMPLOYEES AT THE COLLEGE OF CHARLESTON**  
**FY 82-83 THROUGH FY 86-87**

| <u>Full-time Equivalent<br/>(FTE) Employees</u> | <u>FY 82-83</u> | <u>FY 83-84</u> | <u>FY 84-85</u> | <u>FY 85-86</u> | <u>FY 86-87</u> |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|
| Instruction                                     | 168             | 229             | 218             | 237             | 229             |
| Research  | 3               | 3               | 1               | 3               | 3               |
| Academic Support/<br>Library                    | 34              | 33              | 44              | 52              | 58              |
| Student Services                                | 41              | 40              | 45              | 49              | 51              |
| Institutional Support                           | 115             | 106             | 112             | 162             | 133             |
| Operation and<br>Maintenance of Plant           | 123             | 109             | 100             | 111             | 94              |
| Auxiliary Enterprises                           | <u>28</u>       | <u>24</u>       | <u>38</u>       | <u>39</u>       | <u>37</u>       |
| TOTAL   | <u>512</u>      | <u>544</u>      | <u>558</u>      | <u>653</u>      | <u>605</u>      |

Source: General Appropriation Acts, FY 82-83 through FY 86-87.

Table 3 represents the College's revenues and expenditures for FY 81-82 through FY 85-86. Revenues have increased 55% during this time period, while state funds to the College have increased 54%. Over the five years, expenditures have increased 53%.

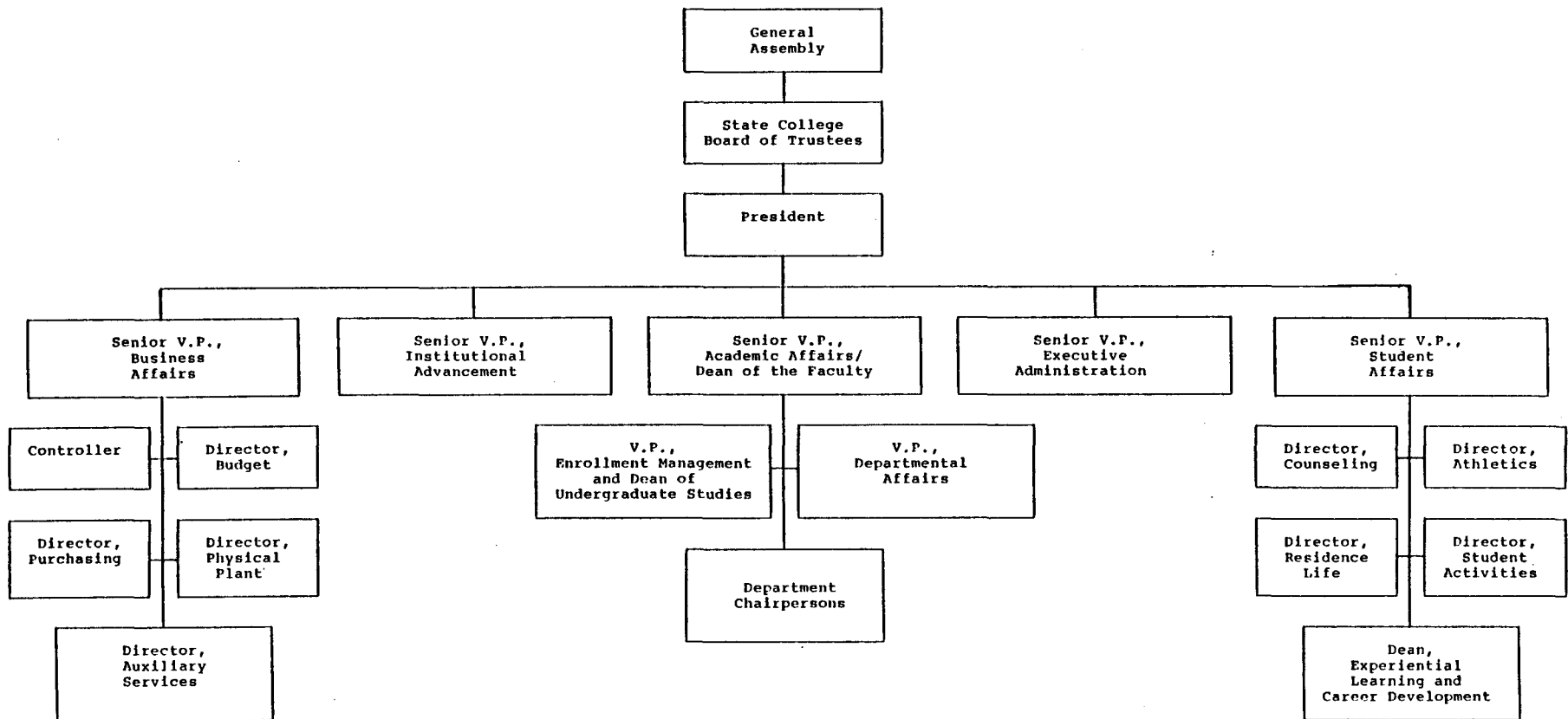


**TABLE 3**  
**COLLEGE OF CHARLESTON**  
**REVENUES AND EXPENDITURES**

| <u>Revenues</u>                 | <u>FY 81-82</u>     | <u>FY 82-83</u>     | <u>FY 83-84</u>     | <u>FY 84-85</u>     | <u>FY 85-86</u>     |
|---------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| State Appropriation             | \$10,931,143        | \$11,416,163        | \$12,437,933        | \$15,661,789        | \$16,853,939        |
| Student Fees                    | 4,873,822           | 6,497,672           | 8,253,483           | 8,684,831           | 9,604,576           |
| Government Contracts/Grants     | 1,696,135           | 506,356             | 580,723             | 735,114             | 763,404             |
| Auxiliary Enterprises           | 4,307,683           | 4,489,798           | 5,071,413           | 5,812,359           | 5,403,046           |
| Other                           | 749,151             | 1,587,367           | 1,986,173           | 1,716,455           | 2,421,053           |
| <b>TOTAL Revenues</b>           | <b>\$22,557,934</b> | <b>\$24,497,356</b> | <b>\$28,329,725</b> | <b>\$32,610,548</b> | <b>\$35,046,018</b> |
| <br>                            |                     |                     |                     |                     |                     |
| <u>Expenditures</u>             |                     |                     |                     |                     |                     |
| Instruction                     | \$ 9,008,985        | \$ 9,065,161        | \$ 9,660,832        | \$11,370,038        | \$12,226,121        |
| Research                        | 466,805             | 352,429             | 450,644             | 615,518             | 612,121             |
| Academic Support/Library        | 970,083             | 1,137,887           | 1,816,343           | 2,387,183           | 2,505,173           |
| Student Services                | 964,259             | 1,244,769           | 1,466,120           | 1,666,453           | 2,072,157           |
| Institutional Support           | 2,601,883           | 2,627,293           | 3,724,929           | 3,858,539           | 4,284,510           |
| Plant Operation and Maintenance | 3,185,698           | 3,412,929           | 3,862,962           | 4,452,965           | 4,655,336           |
| Auxiliary Enterprises           | 3,543,515           | 4,270,563           | 4,814,634           | 5,181,528           | 4,986,851           |
| Student Aid                     | 1,072,252           | 1,166,347           | 1,354,177           | 1,340,162           | 1,652,593           |
| Foundation Scholarships         | -                   | -                   | -                   | -                   | 233,134             |
| Transfers                       | 1,259,761           | 1,113,763           | 951,645             | 1,366,187           | 1,668,044           |
| <b>TOTAL Expenditures</b>       | <b>\$23,073,241</b> | <b>\$24,391,141</b> | <b>\$28,102,286</b> | <b>\$32,238,573</b> | <b>\$34,896,040</b> |

Source: College of Charleston Financial Statements, FY 81-82 through FY 85-86.

**TABLE 4**  
**COLLEGE OF CHARLESTON**  
**ORGANIZATION CHART<sup>1</sup>**



<sup>1</sup>As of January 6, 1986.

Source: College of Charleston.

## **CHAPTER II**

### **FINANCE**

#### **The College and Private Organizations**

A 1983 Audit Council report revealed that some South Carolina colleges and universities were subsidizing private, nonprofit organizations with state resources. The report recommended that private organizations be required to reimburse state agencies for state resources to ensure accountability for public funds and compliance with state law.

In Spring 1986, the Audit Council examined the relationship between the College of Charleston and three private, nonprofit organizations: the College of Charleston Foundation, the College of Charleston Alumni Association and the Cougar (athletic booster) Club. To varying degrees, each of these organizations has been subsidized by the services of College employees working on state time. The most significant of these subsidies was to the foundation. In addition, the foundation and the alumni association have provided salary supplements and perquisites to College employees.

#### **Funds Raised for Private Foundation**

Over a two-year period, the College of Charleston spent more than \$450,000 in state funds, for which it was not reimbursed, to raise funds for a private, nonprofit organization. This subsidy of a private organization with state funds reduces accountability for state resources.

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In November 1986, College officials reported that current fund-raising costs incurred by the College were being reimbursed by the foundation.

In FY 84-85 and FY 85-86, the College's Office of Institutional Advancement spent more than \$450,000 for state employee salaries, rent, equipment, travel and contractual services to conduct fund-raising activities. College officials report that all funds raised were given to the College of Charleston Foundation, a private, nonprofit organization. For calendar year 1985, total foundation revenue was \$789,796.

This use of state resources reduces accountability in several ways. As a private organization, the foundation is not required to comply with state regulations pertaining to procurement, travel, or entertainment. Further, foundation funds are not audited by the state and, therefore, are not subject to public review.

Article X, §11 of the South Carolina Constitution states:

The credit of neither the State nor any of its political subdivisions shall be pledged or loaned for the benefit of any individual, company, association, corporation, or any religious or other private education institution...

Further, §11-9-10 of the South Carolina Code of Laws states:

It shall be unlawful for any moneys to be expended for any purpose or activity except that for which it is specifically appropriated...

The Audit Council found no evidence that appropriations were made to the College of Charleston to raise funds for a private organization.

The certificate of incorporation for the foundation states that its purpose is to support the College. As a result, there is a close working relationship between the two organizations. However, state law does not provide specific guidelines for the transaction of resources between state agencies and private organizations.

### **Subsidy to Foundation Food Service**

During a three-year period, the College of Charleston spent more than \$69,000 in salaries and fringe benefits for state employees to work in a food service enterprise operated by the College of Charleston Foundation. Like the subsidy to the foundation for fund-raising, this practice has reduced accountability for state resources.

The practice of subsidizing the foundation food service began in the mid-1970s and continued until September 1985. The food service was operated on foundation property and was intended to provide a place for College faculty and their guests to eat lunch. From 1983 until September 1985, the College provided to the foundation the part-time services of three maids and the full-time service of a cook. It cost the College more than \$69,000 to provide the services of these state employees to the foundation.

This state subsidy to the foundation enabled the food service enterprise to reduce its operating costs. However, when state funds are used for private purposes, there are fewer funds available for public purposes.

### **Salary Supplements to State Employees**

College of Charleston employees are receiving salary and perquisite supplements from the College of Charleston Foundation and the College of Charleston Alumni Association. When employees receive such supplements, there is a potential for conflict of interest.

The following supplements are or have been given to College employees by the College of Charleston Foundation:

- More than \$30,000 per year is given to supplement the life insurance premiums of employees. All employees are eligible for this supplement.
- A "discretionary fund" of approximately \$25,000 per year is made available to one employee for College activities.
- A salary supplement of \$5,000 per year is given to one employee.

- A total of \$3,600 per year was given to two former employees' private retirement funds. One of these individuals also received the use of an automobile.

In addition, one employee receives a \$1,200 per year supplement from the College of Charleston Alumni Association.

State law prohibits salary supplements to state employees from other public sources but not from private sources, according to a 1978 Attorney General's opinion. However, receiving a private payment for a public job can lead to a conflict of interest. There is a potential to act in the interest of the private organization at the expense of the state, since state interests and private interests may not always coincide. Further, the private organization providing the supplement may attempt to influence public decisions.

College officials were cooperative in providing information during the Audit Council's review of this area. However, state employees are not required by law to publicly report the sources and amounts of their private supplements. Without such a requirement, the public has insufficient information to assess whether state policy is being influenced by private contributions.

#### RECOMMENDATIONS

THE GENERAL ASSEMBLY SHOULD CONSIDER LEGISLATION WHICH SPECIFICALLY ADDRESSES PRIVATE ORGANIZATIONS THAT DIRECTLY OR INDIRECTLY SUPPORT STATE AGENCIES. THE LEGISLATION SHOULD INCLUDE SPECIFIC REQUIREMENTS FOR THE TRANSACTION OF RESOURCES BETWEEN STATE AGENCIES AND THESE PRIVATE ORGANIZATIONS.

THE GENERAL ASSEMBLY SHOULD CONSIDER LEGISLATION WHICH REQUIRES ALL STATE

EMPLOYEES TO REPORT, ON AN ANNUAL BASIS,  
THE SOURCE AND AMOUNT OF ALL SALARY  
SUPPLEMENTS OR PERQUISITES FROM PRIVATE  
SOURCES FOR ACTIVITIES CONDUCTED ON  
STATE TIME OR IN AN OFFICIAL CAPACITY.

### **Student Fees**

The Audit Council reviewed nonresident and resident student fees at the College of Charleston. The Council compared College fees to fees at other state colleges and universities, and found that the nonresident to resident fee ratio is lower than the state average. Also, there is no statewide fee policy for setting nonresident and resident fees.

### **Nonresident Student Fees**

The ratio of nonresident to resident fees at the College of Charleston is less than the average fee ratio for these students at other state institutions. If the College's nonresident to resident fee ratio were at the state average of 2.04, the College would gain approximately \$190,000 a year in nonresident fees.

Of 17 state colleges and universities, the College of Charleston's nonresident to resident fee ratio is the third lowest (see Table 5).

**TABLE 5**  
**NONRESIDENT AND RESIDENT FEES AT**  
**SOUTH CAROLINA INSTITUTIONS, 1985-86**

| <u>Institution</u>                              | <u>Nonresident Fees</u> | <u>Resident Fees</u> | <u>Nonresident/Resident Fee Ratio</u> |
|---|-------------------------|----------------------|---------------------------------------|
| Clemson University                              | \$3,910                 | \$1,682              | 2.32                                  |
| The Citadel                                     | 3,881                   | 1,783                | 2.18                                  |
| University of South Carolina branches (average) | 2,336                   | 1,090                | 2.14                                  |
| University of South Carolina (Columbia)         | 3,288                   | 1,608                | 2.04                                  |
| South Carolina State College                    | 2,300                   | 1,150                | 2.00                                  |
| Francis Marion College                          | 2,040                   | 1,020                | 2.00                                  |
| Medical University of South Carolina            | 2,532                   | 1,266                | 2.00                                  |
| College of Charleston                           | 3,036                   | 1,636                | 1.86                                  |
| Winthrop College                                | 2,278                   | 1,380                | 1.65                                  |
| Lander College                                  | 1,870                   | 1,270                | 1.47                                  |
| Statewide Average Ratio <sup>1</sup>            | -                       | -                    | 2.04                                  |

<sup>1</sup> The average nonresident/resident fee ratio was obtained by averaging state institutions, including each of the eight University of South Carolina branches.

Source: Commission on Higher Education.

The State College Board of Trustees is responsible for setting nonresident fees for the schools it governs. However, there are no board guidelines nor are there state guidelines or laws addressing the setting of nonresident fees.

If the College had charged at the state average in 1985-86, the College would have received an additional \$190,000 in nonresident fees. By raising nonresident fees to the state average, the State College Board of Trustees would make more funds available for College programs and might prevent fee increases for in-state students.

### **Statewide Fee Policy**

The state has no policy to guide state colleges and universities in setting resident and nonresident fees. The state's ratio of nonresident to resident fees is one of the lowest in the Southeast. The average ratio for South Carolina is 2.04, while the average ratio for other southeastern states ranges from 1.88 to 4.61 (see Table 6).



**TABLE 6**  
**AVERAGE RATIOS OF NONRESIDENT TO RESIDENT UNDERGRADUATE TUITION**  
**AND FEES FOR STATE INSTITUTIONS IN 11 SOUTHEASTERN STATES**  
**1985-86<sup>1</sup>**

| <u>State (Number of Schools Reporting)</u> | <u>Nonresident/<br/>Resident Fee Ratio</u> |
|--|--|
| North Carolina (8)                         | 4.61                                       |
| Florida (-) <sup>2</sup>                   | 3.58                                       |
| Tennessee (4)                              | 3.19                                       |
| Kentucky (7)                               | 2.86                                       |
| Georgia (11)                               | 2.76                                       |
| West Virginia (10)                         | 2.73                                       |
| Maryland (9)                               | 2.15                                       |
| South Carolina (17)                        | 2.04                                       |
| Virginia (11)                              | 2.00                                       |
| Mississippi (6)                            | 1.94                                       |
| Alabama (8)                                | 1.88                                       |

<sup>1</sup>Not all institutions responded to the survey used by the

<sup>2</sup>Southern Regional Education Board.

<sup>2</sup>All schools in the state university system reporting.

Source: Southern Regional Education Board and  
South Carolina Commission on Higher Education.

In South Carolina, the governing board of each college and university makes the decision on resident and nonresident fees. None of the boards have policies on setting resident and nonresident fees.

Other southeastern states have policies or statutes defining the desired ratio between resident and nonresident fees at state institutions. In North Carolina, state law requires tuition and fees for nonresidents to be comparable to rates charged nonresidents nationwide. Tuition for nonresident students at Georgia colleges and universities must be three times the amount charged resident students. However, certain required fees, including student activity and health fees, do not have to follow the three-to-one ratio. Kentucky's Council on Higher Education approved charging nonresidents three times as much as residents in 1986-87. A 1981 Tennessee Higher Education Commission report stated that total tuition and fees for out-of-state

students should approximate the state's average per student appropriation.

Without a fee policy, the extent to which South Carolina taxpayers should subsidize higher education for nonresidents is unclear. For example, based on the average cost to educate each student at the College of Charleston in 1985-86, state taxpayers subsidized more than half of the cost, or \$3,159, for nonresident students. Also, nonresident to resident fee ratios vary among South Carolina institutions, ranging from 1.47 to 2.32 (see p. 13).

### **RECOMMENDATIONS**

THE STATE COLLEGE BOARD OF TRUSTEES  
SHOULD RAISE FEES FOR NONRESIDENT  
STUDENTS AT THE COLLEGE OF CHARLESTON SO  
THAT THE NONRESIDENT TO RESIDENT FEE  
RATIO IS AT THE STATE AVERAGE.

THE COMMISSION ON HIGHER EDUCATION  
SHOULD STUDY AND MAKE RECOMMENDATIONS TO  
THE GENERAL ASSEMBLY ON A STATEWIDE FEE  
POLICY FOR STATE COLLEGES AND  
UNIVERSITIES.

### **Cafeteria Loan to 9 Liberty Street Renovation**

The College of Charleston has not repaid the cafeteria \$350,000 borrowed to finance the renovation of the 9 Liberty Street building as required by the Budget and Control Board. As a result, fewer funds are available for cafeteria expenses.

In December 1984, the College sought Budget and Control Board approval to fund a \$350,000 renovation of the 9 Liberty Street building to house the Computer Science and Computer Services Departments. The Budget and Control Board approved the use of cafeteria funds for the 9 Liberty Street renovation as "temporary funding" with the condition that

the funds be repaid. A letter dated March 4, 1985, from the Budget and Control Board to the Joint Bond Review Committee, stated:

Arrangements were made to temporarily finance the project from Cafeteria Equipment Replacement Reserve Funds and to repay that source from Excess Debt Service Funds as they become available.

College officials have not decided if they will repay the loan. In September 1986, a College official stated in a letter to the Audit Council:

The Administration and the Board of Trustees will consider the needs of the campus as a whole and will decide when, or if, the loan will be repaid.

Further, excess debt service funds have been available to repay the loan, but the College has spent them on other projects. Since the cafeteria funds were loaned for the 9 Liberty Street renovation, two projects, costing approximately \$236,000, have been funded from excess debt service funds. Two other projects, costing \$230,000, have recently been approved and will also be funded with excess debt service funds.

Because the College has not repaid the cafeteria funds it borrowed for the renovation of the 9 Liberty Street building, only students using the cafeteria, approximately 30% of the student body, paid for the renovation of a building which benefits all students. Further, by delaying repayment or not repaying the loan, the College does not have the use of those funds to meet cafeteria needs. If additional revenues are needed to meet cafeteria expenses, the College might have to increase cafeteria fees or borrow funds.

#### RECOMMENDATION

THE COLLEGE OF CHARLESTON SHOULD REPAY  
THE CAFETERIA THE FUNDS LOANED PLUS

INTEREST FOR THE 9 LIBERTY STREET  
RENOVATION.

**Budget Management Procedures**

The College of Charleston has no policy requiring department managers to justify and obtain approval in writing before budgets are exceeded. Sixteen departments exceeded their FY 84-85 budgets by 10% or more, a total of approximately \$360,000.

The National Association of College and University Business Officers states requests for increased expenditure allocations should be reviewed by respective deans and the budget officer before being submitted to the chief executive officer. Further, budget supplements and transfers should be in writing with proper administrative approvals.

A manager should be able to document the reason(s) for exceeding the department's budget. When managers are required to justify and obtain approval for cost overruns in writing, they have more incentive to maximize efficiency in operating their departments. Further, the College administration has better information for comparing the efficiency of each department and for managing the College's \$30 million budget.

**RECOMMENDATION**

THE COLLEGE OF CHARLESTON SHOULD REQUIRE  
ALL MANAGERS TO JUSTIFY AND OBTAIN  
PROPER ADMINISTRATIVE APPROVALS IN  
WRITING BEFORE BUDGETS ARE EXCEEDED.

**State Funding for Auxiliary Facility**

The College of Charleston improperly received \$187,000 from the Commission on Higher Education (CHE) because of an error the College made in calculating the FY 84-85 higher education funding formula. As a result, the College

received funds that would have been allocated to other state schools.

All state colleges and universities receive funding from the CHE formula based on the total amount of nonauxiliary square footage they have to maintain. In FY 84-85, the College included a parking garage in calculating the square footage for the CHE funding formula. However, parking garages should not be included because, as auxiliary enterprises, they are required to be self-supporting.

By including its 166,560 square foot garage in the formula calculations, the College increased its total square footage by 22%. As a result, the College received funds it should not have received in FY 84-85. The College did not, however, include the garage in the FY 85-86 and FY 86-87 formula calculations.

#### **RECOMMENDATION**

THE COLLEGE OF CHARLESTON AND THE  
COMMISSION ON HIGHER EDUCATION SHOULD  
ENSURE THAT ONLY ALLOWABLE COSTS ARE  
INCLUDED IN CALCULATING THE HIGHER  
EDUCATION FUNDING FORMULA.

#### **Supplies Used in Dormitories**

The College of Charleston has not charged the dormitories \$51,000 for janitorial supplies used in the dorms in FY 84-85 and FY 85-86. As a result, state-appropriated funds are supporting facilities which are required by state law to be self-supporting.

Section 123 of the FY 84-85 Appropriation Act and §130 of the FY 85-86 Appropriation Act require that the fees applicable to student housing shall be sufficient to fully cover total direct and capital expenses of providing such facilities and services. Since dormitory operations are

required to be self-supporting, state-appropriated funds should not be spent to support these operations.

When state funds are used for dorm expenses, the College loses the use of these funds for other College activities. Further, the actual cost of operating the dorms is not accurately reflected in total dormitory expenditures.

#### **RECOMMENDATION**

THE COLLEGE OF CHARLESTON SHOULD ENSURE  
THAT ONLY DORMITORY FUNDS PAY FOR ALL  
SUPPLIES USED IN THE DORMS.

#### **Personal Service Charges to Dormitory Account**

In FY 84-85 and FY 85-86, the College of Charleston improperly charged the dormitory account approximately \$125,000 for the salaries and fringe benefits of personnel who did not work or who worked only part-time in the dorms. As a result, students paying dorm fees paid for nondorm expenses.

The College charged the dormitory account the salaries and fringe benefits of custodial personnel who did not work in the dorms in FY 84-85 and FY 85-86. The College also charged to the dormitories the full salaries and benefits of custodial and maintenance personnel who worked only part-time in the dorms. In addition, the College charged the dorm account for some maintenance work performed by maintenance personnel whose full salaries were already charged to the account.

The National Association of College and University Business Officers requires that costs be assigned according to relationships that cause the cost to occur or that result in benefits received. Thus, charges to the dorm account should only include the cost of services actually provided. When dorm fees pay salaries of employees who do not work in the dorms, students living on campus are subsidizing other College operations. This is inequitable to on-campus

students and distorts the operating costs of the dorms and other College buildings.

**RECOMMENDATION**

THE COLLEGE OF CHARLESTON SHOULD ENSURE  
THAT THE DORMITORY ACCOUNT IS CHARGED  
FOR ONLY THOSE EXPENSES INCURRED IN  
OPERATING THE DORMITORIES.

CHAPTER III  
ACADEMIC AFFAIRS AND PERSONNEL

Admissions

The College of Charleston has not consistently followed its student admissions policy. Applicants who did not meet admissions standards have been accepted by the College, while those who did meet admissions standards have not been accepted.

The College calculates a "predicted freshman year grade point average" (GPA) for applicants with a "validated" formula, which takes into account high school class rank and Scholastic Aptitude Test (SAT) scores. The admissions policy of the College states: (1) the minimum predicted GPA for acceptance of freshmen applicants is 1.60; (2) applicants with predicted GPAs between 1.20 and 1.59 may be offered a summer school option, requiring satisfactory performance in certain summer school courses before being accepted; and (3) applicants with GPAs below 1.20 will be denied admission.

As of March 2, 1986, there were 1,463 processed applications for the 1986-87 school year. The Audit Council reviewed College records and found that, of 1,159 individuals accepted, 40 (3.5%) did not have the minimum predicted GPA required by College policy. Of 243 individuals offered the summer school option, 38 (15.6%) did not have the minimum predicted GPA required. Thirty-three (13.6%) individuals offered the summer school option had predicted GPAs which qualified them for acceptance without the summer school option. Further, of 61 applicants denied admission, two (3.3%) had predicted GPAs which qualified them for the summer school option.

College officials stated that predicted GPAs are disregarded for some applicants due to the quality of their high school class, SAT scores and high school grades, the alumni status of their parents, and other reasons. However,



the College has no written policy on when to disregard predicted GPAs or how to evaluate applicants for whom predicted GPAs are disregarded. The Audit Council found no written statement in any applicant's file giving the reason for disregarding the predicted GPA.

Colleges should ensure that their admissions practices conform to their admissions policies. When practice does not conform with policy, there is an increased chance that applicants will not be treated equitably.

#### **RECOMMENDATION**

THE COLLEGE OF CHARLESTON SHOULD ENSURE THAT ITS STUDENT ADMISSIONS PRACTICES CONFORM WITH ITS STUDENT ADMISSIONS POLICY. CONDITIONS FOR DISREGARDING PREDICTED GRADE POINT AVERAGES SHOULD BE STATED IN ITS POLICY, ALONG WITH ALTERNATE CRITERIA FOR EVALUATING THE APPLICATIONS. EACH APPLICANT'S FILE SHOULD INDICATE THE CRITERIA FOR THE ADMISSIONS DECISION.

#### **Sick Leave**

The College of Charleston credits sick leave to faculty in excess of the amount permitted by state regulation. Further, faculty are not consistently charged sick leave when absent from work due to illness.

Of the College's more than 235 faculty, approximately 90% work nine months per year. However, the College credits nine-month faculty with sick leave during the months in which they do not work. This practice violates State Regulation 19-703.09 which requires all state employees to be credited with sick leave at a rate of 1.25 days per month of service. A 1968 Attorney General's Opinion states that sick leave should be accrued only during months of actual employment.

In addition, each of six academic department chairpersons surveyed stated that faculty are not charged for sick leave except when "extended" illness occurs. For example, in one department with 18 faculty, no one was charged for sick leave from 1983 through 1985. State Regulation 19-703.09 requires that sick leave be charged when absence from work occurs due to illness. This regulation does not exempt individuals with short-term illnesses. When College faculty accrue excessive sick leave and are not charged sick leave for short-term illnesses, those who use all of their accrued sick leave due to an extended illness may be paid for leave they did not earn.

#### **RECOMMENDATION**

THE COLLEGE OF CHARLESTON SHOULD ENSURE  
THAT ALL EMPLOYEES COMPLY WITH STATE  
SICK LEAVE REGULATION.

#### **Faculty Retirement Policy**

The College of Charleston awards maximum salary increases to all retiring faculty members without considering merit. Because this policy does not apply to other College employees, all employees are not treated equally.

The College's Faculty-Administration Manual states salaries of faculty members within three years of retirement will be set at the highest percentage increase allowed by the state. The manual states the reason for this policy is to give the best possible rate of retirement pay, which is based on the three highest years of salary. Also, the policy allows retiring faculty members to elect not to participate in the regular evaluation process. In FY 85-86, four faculty members nearing retirement were awarded the maximum allowed increase of 12%, compared with an average of 6% for all faculty members. Three of the four faculty members elected not to be evaluated on their performance.

Of six state colleges and universities surveyed, none routinely give maximum salary increases to faculty members due to impending retirement. Further, a College of Charleston official stated nonfaculty employees at the College are not awarded these increases.

This policy results in unequal treatment of College employees, as well as additional costs to the College and the state. Also, the state could pay higher retirement benefits, which are based on the retiree's three years with the highest salary.

#### **RECOMMENDATION**

THE COLLEGE OF CHARLESTON SHOULD  
ELIMINATE THE POLICY OF AWARDING MAXIMUM  
SALARY INCREASES TO ALL RETIRING FACULTY  
MEMBERS. SALARY INCREASES FOR ALL  
EMPLOYEES SHOULD BE BASED ON  
PERFORMANCE.

#### **Employee Evaluations**

College of Charleston management does not adequately conduct employee performance evaluations as required by state regulation and College policy. The Audit Council reviewed the personnel records of 55 employees (16 classified and 39 unclassified) who earn more than \$30,000 per year. Of 143 evaluations required from 1983 through 1985, 36 (25%) were conducted.

State Regulation 19-702.04 requires classified employees to be formally evaluated at least once every 12 months. The College of Charleston Faculty-Administration Manual requires unclassified personnel also to be evaluated once every 12 months.

Without formal performance evaluations, supervisors cannot adequately assess the quality of an employee's work. Also, the justification for raises and promotions is not documented.

### **RECOMMENDATION**

THE COLLEGE OF CHARLESTON SHOULD ENSURE  
THAT PERFORMANCE EVALUATIONS ARE  
CONDUCTED FOR ALL EMPLOYEES AS REQUIRED  
BY STATE REGULATION AND COLLEGE POLICY.

### **Foreign Travel**

The College of Charleston has not followed state regulation requiring prior approval from the Budget and Control Board for some foreign travel. In FY 84-85, two (29%) of the seven foreign trips taken by College employees did not receive prior approval. In FY 85-86, 15 trips were taken and six (40%) did not receive prior approval.

For example, one professor traveled to England in March 1986, but the College did not request approval for the trip until May 23, 1986. Further, a professor went to China for 12 days in May 1986 and the College did not request approval until June 4, 1986.

State Regulation 19-101.17 requires prior approval for any foreign travel from the Budget and Control Board regardless of the source of funds for financing the travel. From July 1984 through June 1986, the eight trips not receiving prior approval were granted "retroactive approval" by the Budget and Control Board. However, state regulation does not provide for the Board to give approval after trips are taken. When state travel regulations are not followed, College employees have less incentive to use state travel funds efficiently.

### **RECOMMENDATION**

THE COLLEGE OF CHARLESTON SHOULD COMPLY  
WITH STATE REGULATION REQUIRING PRIOR  
APPROVAL FROM THE BUDGET AND CONTROL  
BOARD FOR ALL FOREIGN TRAVEL.

### **Sabbatical Leave**

The College of Charleston granted sabbatical leave to one faculty member for Spring 1986 in violation of College policy. As a result, the College improperly spent more than \$17,000 in state funds.

In December 1985, a faculty member was granted sabbatical leave for the Spring semester of 1986. College records indicate this leave was granted because the individual had a long-term illness. This individual received salary and fringe benefits in excess of \$17,000 during this period.

College policy requires that sabbatical leave be used for activities which "are clearly of a professional nature....," such as:

...study, writing, research, artistic development or other activity which would enhance the individual's development or other activity which would enhance the individual's expertise in his or her discipline, enhance the college curriculum, improve the individual's teaching effectiveness or help the individual retrain in a related or different discipline.

College policy does not cite personal illness as a justification for sabbatical leave. For those employees with long-term illnesses, the College could grant leave in compliance with College policy and state law.

### **RECOMMENDATION**

THE COLLEGE OF CHARLESTON SHOULD ENSURE COMPLIANCE WITH ITS SABBATICAL LEAVE POLICY.

### **Faculty Research Grants**

In Fall 1985 and Spring 1986, 13 (87%) of 15 faculty members receiving state-funded research grants did not

submit final reports on the grants. Without final reports, the College of Charleston cannot document that the funds were used for their intended purposes.

The College's Faculty-Administration Manual states:

All award holders must submit a Final Report...on work conducted during tenure of the award, within six weeks of the end of the term of the award.

College grants provide grants-in-time, release from teaching one or two courses, and/or financial support for faculty research, professional advancement and development projects. The College can award up to \$2,000 for each grant and up to \$1,500 for release from teaching a course. When faculty members do not submit final reports, accountability for the grants program is reduced.

#### RECOMMENDATION

THE COLLEGE OF CHARLESTON SHOULD ENSURE  
THAT FACULTY MEMBERS RECEIVING  
STATE-FUNDED RESEARCH GRANTS SUBMIT  
FINAL REPORTS.

**CHAPTER IV**  
**OPERATIONS AND MANAGEMENT**

**Student Security Guards**

The College of Charleston could save an estimated \$190,000 annually if it replaced its security guards with part-time student guards. The College has 11 state-employed and 11 contract security guards. In FY 85-86, the state-employed guards cost the College \$8.28 an hour, including shift differential, fringe benefits, and overtime. The contract guards were paid \$4.58 an hour. Student guards, on the other hand, could be paid minimum wage, \$3.35 an hour.

In February 1985, the public safety divisions of the College of Charleston and the Medical University merged. Since that time, the Medical University, through a contract with the College, has managed the public safety divisions for both schools. In FY 85-86, the College employed 20 public safety officers who have full arrest powers and carry guns. The College's 22 security guards, on the other hand, do not have full arrest powers, do not carry guns, and act as watchmen in dormitories and other College buildings.

In an October 1984 report, the State Law Enforcement Division (SLED) recommended that the College use students as part-time security guards. The report stated that hiring students would result in a cost savings.

Both Clemson University and the University of South Carolina use students part-time for some of their public safety functions. Clemson student guards, who are paid minimum wage, give parking tickets, conduct area patrols, and perform administrative, crime prevention, and dispatching duties. USC student guards act as dormitory guards for the night shift and are paid \$3.50 an hour. Both schools require that students receive training to become student guards and that they work no more than 20 hours a week.

If all of its security guards were replaced with student guards, the College could save at least \$190,000 a year, 16% of its FY 86-87 public safety budget of \$1.2 million, while providing the same level of service. The College, through the Medical University contract, also would have more control over hiring, placement, and training of the guards.

#### RECOMMENDATION

THE COLLEGE OF CHARLESTON SHOULD REQUIRE THROUGH ITS CONTRACT WITH THE MEDICAL UNIVERSITY THAT PART-TIME STUDENT GUARDS BE USED IN THE COLLEGE'S PUBLIC SAFETY DIVISION.

#### Physical Plant Maintenance

The College of Charleston does not have an adequate preventive maintenance (PM) system for its physical plant. As a result, long-term repair and maintenance costs for buildings and equipment are likely to be higher than necessary.

Written PM plans have not been developed for areas including roofing, painting, plumbing, electrical systems, and heating and air conditioning (HVAC). The College also does not regularly inspect the work of private contractors who perform preventive maintenance of elevators and HVAC equipment not maintained by College staff.

The College motor pool has a written PM plan, developed in 1986. The College also has written PM plans for its central energy facility and fire equipment; however, records of PM inspections are incomplete.

An effective PM system identifies the specific procedures and time/usage intervals required to maintain buildings, vehicles and equipment. A PM system will usually include procedures such as inspections, lubrication, cleaning, minor repairs, and parts replacement. When PM is



not performed on a scheduled basis, long-term repair and maintenance costs will be unnecessarily high.

College officials are aware that their preventive maintenance system needs improvement and that repair and maintenance costs could be reduced. However, they have not yet estimated the potential cost savings from a college-wide PM system.

#### **RECOMMENDATION**

THE COLLEGE OF CHARLESTON SHOULD DEVELOP AND IMPLEMENT A WRITTEN PREVENTIVE MAINTENANCE SYSTEM FOR ITS PHYSICAL PLANT THAT IS EFFECTIVE IN REDUCING LONG-TERM REPAIR AND MAINTENANCE COSTS.

#### **Custodial Services**

The College of Charleston spends more than other state colleges and universities on custodial services for its buildings. Higher costs for custodial services leave fewer resources for other funding priorities.

In FY 84-85, The Citadel, Clemson University, Francis Marion College, the University of South Carolina, South Carolina State College, and Winthrop College spent an average of 59.7 cents per square foot for custodial services in nonauxiliary buildings (see Table 7). The College of Charleston, with total expenditures of \$640,597, spent 76.9 cents per square foot. If the College had provided these services at the 59.7 cent average, expenditures would have been more than 22% (\$143,000) less.

TABLE 7  
NONAUXILIARY CUSTODIAL SERVICES COSTS  
FY 84-85

| <u>Institution</u>                      | <u>Cost</u>        | <u>Square Feet</u> | <u>Average<br/>Cost Per Square<br/>Foot (In Cents)</u> | <u>Contracts With<br/>Private Sector</u> |
|---|--------------------|--------------------|--|--|
| Francis Marion College                  | \$ 408,246         | 493,345            | 82.8   | No                                       |
| University of South Carolina - Columbia | 3,328,072          | 4,901,523          | 67.9   | No                                       |
| Clemson University                      | 1,474,820          | 2,558,870          | 57.6   | No                                       |
| The Citadel                             | 340,238            | 624,183            | 54.5   | Yes <sup>1</sup>                         |
| South Carolina State College            | 404,959            | 940,815            | 43.0   | No                                       |
| Winthrop College                        | 435,933            | 1,196,670          | 36.4   | No                                       |
| <b>TOTAL</b>                            | <b>\$6,392,268</b> | <b>10,715,406</b>  | <b>59.7</b>  | <b>-</b>                                 |

<sup>1</sup>The Citadel contracts with a private firm to provide approximately 91% of its custodial services. The remaining 9% is provided by state employees.

Source: The chief financial officers of the respective institutions.

Of the three schools with the lowest custodial service costs, South Carolina State College and Winthrop College use state employees to provide custodial services, while The Citadel contracts with the private sector for 91% of its square footage. The College of Charleston uses state employees.

In 1984, the College of Charleston received an unsolicited proposal from a private company to provide custodial services at a savings of 17% to 26%. A 1986 Audit Council report documented eight South Carolina school districts which saved an average of 9% on custodial services costs by contracting with the private sector.

The College of Charleston has not regularly analyzed ways to reduce custodial services costs. Winthrop College officials report that they routinely analyze the workload and productivity of their state-employed custodial staff. Reducing costs for custodial services leaves more funds for other needed services.

#### RECOMMENDATION

THE COLLEGE OF CHARLESTON SHOULD  
FORMALLY ANALYZE ITS CUSTODIAL SERVICES

OPERATIONS FOR WAYS TO REDUCE COSTS.  
ONE ALTERNATIVE THE COLLEGE SHOULD  
INVESTIGATE IS CONTRACTING WITH THE  
PRIVATE SECTOR.

### **Contracts for Consultant Services**

In FY 84-85 and FY 85-86, the College of Charleston contracted for consultant services on a sole source basis in violation of state law. Four contracts, totaling \$44,500, were awarded without competition to consultants who were not the only providers of the services. Three of these contracts were awarded to one consulting firm. The consultants were hired to conduct two enrollment studies, and studies of commuter students and admissions practices. Further, for \$45,000, the State College Board of Trustees contracted with a former board member without competition to write a history of the Board.

Section 11-35-1560 of the South Carolina Consolidated Procurement Code requires procurement of consultant services to be made on a competitive basis, unless there is only one source of the service available. However, other sources of these services were available. The Audit Council found at least three other consultants who could conduct the studies on enrollment, commuter students and admissions. Three of the consultants were listed with the State Procurement Office on the bidders list.

In 1984, the State College Board of Trustees contracted on a sole source basis with a former board member to write the Board's history. While the Council found no violation of statutes or other impropriety in this arrangement, contracting with a former board member without competition gives the appearance of impropriety.

Contracting with consultants on a sole source basis when other consultants are available violates state law. Further, it can result in the payment of higher prices for the services.

## **RECOMMENDATIONS**

THE COLLEGE OF CHARLESTON SHOULD ENSURE COMPLIANCE WITH THE STATE PROCUREMENT CODE IN THE PROCUREMENT OF ALL CONSULTANT SERVICES.

THE COLLEGE OF CHARLESTON AND THE STATE COLLEGE BOARD OF TRUSTEES SHOULD PURCHASE SERVICES ON A SOLE SOURCE BASIS WHEN THERE IS ONLY ONE SOURCE AVAILABLE FOR PROVIDING THE REQUIRED SERVICE.

### **Central Stores Inventory Control**

The College of Charleston cannot determine the daily balances of supplies on hand in its central stores. As a result, the College cannot ensure control over the stores' supplies or determine if items are missing.

The College's central stores stock such pilferable items as plumbing, electrical, janitorial, and office supplies, valued at more than \$114,000 in FY 84-85. At the end of each fiscal year, the College conducts an inventory of all supplies in the central stores to determine their value for the College's financial statement. However, the College has no way of determining the amount of supplies on hand between the year-end inventories. Implementation of a perpetual inventory system would make this information available and provide control over central stores' supplies.

Under a perpetual inventory system, the receipt and disbursement of every item is recorded, manually or on computer, so that a current balance of stock on hand is available at all times. When a current balance is always available, losses from pilferage or unauthorized use are likely to be minimized.

Each year from FY 82-83 through FY 84-85, the College's Internal Auditor recommended that a perpetual inventory system be implemented for the central stores. In 1984, the

College purchased computer equipment and software to provide an automated perpetual inventory system for the central stores. However, College officials stated the system was not implemented because they believed it was too labor intensive and the equipment is being used for other purposes.

#### **RECOMMENDATION**

THE COLLEGE OF CHARLESTON SHOULD  
IMPLEMENT A PERPETUAL INVENTORY SYSTEM  
FOR SUPPLIES IN ITS CENTRAL STORES.

#### **Early Childhood Development Center Admissions**

The College of Charleston's Early Childhood Development Center (ECDC) does not have a written admissions policy. ECDC, the demonstration school for teacher trainees in early childhood education, accepts children from the ages of two to five. Although there is an unwritten policy which prioritizes types of children the Center should accept, the Audit Council found cases where that policy was not followed.

A College official stated that the unwritten policy gives brothers and sisters of children who attend or have attended ECDC top priority for admission, and application forms for these children are not required. Application forms are required, however, for all other applicants. According to the official, handicapped children, minority children and children of College faculty, staff and students receive second, third and fourth priority for admission, respectively. Priority within each group is on a first-come, first-served basis.

The Audit Council examined the waiting list and enrollment records for the 1986-87 two-year old class. One minority child, who had priority over six children who were accepted for admission, was not accepted by ECDC. Also, the Center did not accept any of six children of faculty, staff

or students who had been on the waiting list up to a year longer than the child of a staff member who was accepted.

Both Winthrop College and the University of South Carolina have written admissions policies for their early childhood development centers. Written admissions policies help ensure that the policies are accessible and understandable. Having a written policy also ensures that children are accepted according to the established priorities and avoids charges of discrimination.

#### RECOMMENDATION

THE COLLEGE OF CHARLESTON SHOULD DEVELOP  
A WRITTEN ADMISSIONS POLICY FOR ITS  
EARLY CHILDHOOD DEVELOPMENT CENTER.

## **APPENDICES**

**APPENDIX A**  
**COLLEGE OF CHARLESTON**  
**EMPLOYEE SURVEY**

To assess employee opinions about supervision at the College, the Audit Council surveyed College employees in November 1985. Of 600 surveys mailed, employees returned 328 for a response rate of 55%. Positive attitudes were indicated by the percentage of employees who stated they knew where they stood in the eyes of their supervisors (65.8%), and the percentage who stated they were provided adequate training (67.4%). However, negative attitudes were indicated by the percentage of employees who stated there is a need for more teamwork (48.2%). This is one area that the College may wish to examine further.



APPENDIX A (CONTINUED)

COLLEGE OF CHARLESTON SURVEY RESULTS

**SECTION A**

The following statements express a range of opinions you may have about your job and the College. Please respond to each statement using the following codes. Circle only one response for each statement.

|                | 1<br>DEFINITELY<br>AGREE | 2<br>INCLINED<br>TO AGREE | 3<br>UNDECIDED | 4<br>INCLINED<br>TO DISAGREE | 5<br>DEFINITELY<br>DISAGREE |  |
|----------------|--------------------------|---------------------------|----------------|------------------------------|-----------------------------|--|
| % Responding   |                          |                           |                |                              |                             |  |
| No<br>Response | 1                        | 2                         | 3              | 4                            | 5                           |  |
| 0              | 61.2                     | 22.2                      | 7.0            | 4.9                          | 4.6                         | 1. I like and enjoy my work here.  |
| 0.9            | 28.4                     | 33.2                      | 11.3           | 16.5                         | 9.8                         | 2. The policies and procedures of the College have been clearly communicated to me.                            |
| 1.8            | 16.2                     | 22.9                      | 18.9           | 21.3                         | 18.9                        | 3. The promotion practices of the College emphasize merit.   |
| 0.6            | 40.2                     | 25.6                      | 11.0           | 11.0                         | 11.6                        | 4. I know where I stand in the eyes of my supervisor.  |
| 1.8            | 10.4                     | 24.7                      | 14.9           | 24.4                         | 23.8                        | 5. Teamwork among the staff at the College is sufficient.  |
| 0.9            | 37.2                     | 21.0                      | 9.1            | 12.5                         | 19.2                        | 6. My supervisor encourages me to contribute suggestions and ideas for improving the way the College operates. |
| 3.0            | 42.7                     | 24.7                      | 7.9            | 9.8                          | 5.8                         | 7. I am provided adequate training to do my job.   |
| 2.7            | 18.9                     | 27.4                      | 14.0           | 18.0                         | 18.9                        | 8. When problems are identified which affect my job, they are corrected within a reasonable period of time.    |
| 1.5            | 34.8                     | 27.4                      | 10.8           | 9.8                          | 15.9                        | 9. My performance evaluation is based on clearly defined goals and objectives.                                 |
| 2.4            | 34.8                     | 26.5                      | 8.5            | 11.0                         | 16.8                        | 10. My supervisor lets me know beforehand of the changes that will affect my work.                             |
| Yes            | 50.9                     | No                        | 49.1           |                              |                             | 11. Are you a member of the faculty?   |



# College of Charleston

Charleston, South Carolina 29424

Office of the President

December 4, 1985

Mr. George L. Schroeder, Director  
Legislative Audit Council  
620 NCNB Tower  
Columbia, SC 29201

Dear Mr. Schroeder:

I have carefully reviewed the final draft of the Legislative Audit Council Management and Performance Review of the College of Charleston. I am attaching hereto a copy of the College's response to the items set out therein. The attachments are in two parts: (a) a response to the report summary, and (b) a response to the detailed chapters that appeared thereafter. If you have any questions or require further information, I would welcome the chance to discuss them with you.

As I mentioned to you at our last meeting, I would like to express my appreciation to your office and the audit team for the constructive and professional manner in which the audit was conducted. Many of their observations have already resulted in corrective action, and I personally benefitted from their attention to the management performance at the College.

Yours sincerely,

A handwritten signature in cursive script, reading "Harry M. Lightsey, Jr.".

Harry M. Lightsey, Jr.  
President

HMLJr/blc

Attachments

### Response to Report Summary

The College of Charleston has received and reviewed the final draft of the Management and Performance Review of the Legislative Audit Council of the General Assembly. The College is pleased that the Audit Council has recognized many of the improvements which have been made by the College during the course of the audit. The College accepts many of the recommendations of the Audit Council and will continue to strive to improve its management efficiency. Where the College differs as to policy or efficacy of any recommendation, such differences are set forth in the detailed response by chapters attached hereto.

Responding to the comments in the report summary, the College would note:

- The Foundation referred to is the College of Charleston Foundation which exists solely for the purpose of promoting the programs of the College. Beginning in January, 1986, direct costs for fund raising activities are charged to the Foundation and reimbursed to the College. No salary supplements were paid, but College employees working outside college hours were compensated by the Foundation.
- Where waivers of admissions requirements were made, such were based on careful evaluation of the student's total record. Admissions policies are being reformulated to clearly state the requirements and procedures for such exceptions.
- Cafeteria loans will be repaid when appropriate funds are available, less adequate charges for previously unallocated administrative expense.
- The policy concerning salary increases for pre-retirement employees was not followed in 1986 and was deleted from the Manual by the State College Board of Trustees in November, 1986 on recommendation of the College administration.
- The College is an inner city campus with easy access for pedestrian traffic. Careful consideration has been given to providing maximum security for its personnel and students. The problems of peer pressure, adequate training and irregularity during the year of student guard availability resulted in the decision to merge security forces with MUSC and not use student guards.

- The College has not had an adequate preventive maintenance program and maintenance has suffered as a result of recent budget cuts by the State. This year the College received some state bond funds that will be used to improve this area and, when annual funds are available, intends to hire a preventive maintenance officer.
- The College's ratio of non-resident to resident fees is within the general range of state institutions and the actual non-resident tuition is higher than most other state institutions. The College is committed to maintaining high academic quality and small class size and for that reason is slightly above the state average on all fees.

The College has initiated changes and new procedures to correct the sick leave and employer performance evaluations that are noted in the report. The College appreciates the constructive attitude with which the audit was conducted.

## CHAPTER II

### FINANCE

#### Funds Raised for Private Foundation

The College of Charleston Foundation exists solely for the purpose of promoting "the educational, research and other programs of the College of Charleston." Every major educational institution in this country utilizes and depends upon such private charitable support to strengthen and improve its programs. Without such aid, a quality academic program could not be maintained, especially in times of scarce state resources. The College of Charleston receives several hundreds of thousands of dollars annually that provide scholarships, faculty research and professional development, and student educational development from the Foundation. The Foundation's records are annually examined by independent auditors and its activities are controlled by an independent governing board.

Costs for fund raising activities are allocated and charged to the Foundation. Approximately one-half of the salaries and costs of affected personnel are borne by the College of Charleston Foundation. To the extent that any State resources are utilized, they are reimbursed by the Foundation. All of the personnel have major duties to the College in addition to those for the Foundation.

The State Ethics Act adequately addresses the issue of any potential conflict of interest which may arise out of private compensation to public employees. Employees of the College are aware of this Act and there is no evidence of any violations of the provision of this Act.

#### Subsidy to Foundation Food Service

This entire program was discontinued in January, 1986.

#### Salary Supplements to State Employees

The insurance program is available to all College employees and provides needed assistance in attracting and retaining a highly capable work force. In our opinion, it is not a salary supplement or perquisite, and does not present a conflict of interest.

The discretionary funds are not available on an unrestricted basis, but must be used only for legitimate college purposes. They are annually reviewed, like other Foundation expenditures, by independent auditors.

There was no dual compensation paid to any individual who is already being compensated by the State. Instead, these salaries reflect compensation to individuals for work performed outside their employment for the State.

## Student Fees

### Non-Resident Student Fees

The College's 1986-87 in-state tuition fees were set at \$880 and the out-of-state fees at \$1,643 per semester, which provides an out-of-state ratio of 1.85. Although some other South Carolina public colleges and universities have a slightly higher fee ratio, the College of Charleston believes the out-of-state differential of \$763 is reasonable, exceeding the average differential for the State. The out-of-state tuition accommodates the need to attract a diversified student body. A diversified student body is considered an essential ingredient of the educational process and the limited percentage of out-of-state students enrolled in the College of Charleston is not viewed as a significant drain on State appropriated funds. The non-resident fees at the College are higher than the state average and are in line with neighboring state institutions. The College's tuition fees are approved by the South Carolina State College Board of Trustees.

### Cafeteria Loan to 9 Liberty Street Renovation

There was an urgent need in 1984 to renovate the top three floors of the building at 9 Liberty Street to house the Computer Science Department and the Computer Service Department, including offices and working areas (equipment rooms). The original plan to fund this project was to use Plant Improvement Fees (Excess Debt Service). Because of the critical need and the lack of available funding in the Debt Service fund, the College Administration, with the approval of the State College Board of Trustees and the Budget and Control Board, made the decision to use \$350,000 in accumulated Cafeteria Equipment Reserve Funds. These funds were accumulated over a period of approximately 15 years. At the time, the transaction was considered a loan to be repaid from the Debt Service Excess Funds over the long period, and the College still intends to repay such loan when adequate funds are available.

### Budget Management Procedures

The standard College of Charleston policy is that funds expended by units may not exceed the amount budgeted except under most unusual circumstances and then only with prior knowledge and approval of the senior College administrators. These policies allow for appropriate expenditure category adjustments to be made during the course of the fiscal year to assure that expenditures will not exceed budget allocations in individual budget accounts.

During fiscal year 1984-85, because of invoices received and processed at the end of the fiscal year, the accounts of several departments did show an overexpenditure. There was not an overexpenditure in the aggregate, however, since net account balances within each College division were within the total funds approved for expenditure.

Further steps have been taken to assure that departmental expenditures are within the amounts budgeted. The March 27, 1986, "Policy Guidelines for

Preparing and Managing Academic Department Budgets", sent to each department chairperson, contains the following provision:

"2. The Role of the Academic Department Chair. Department chairs have primary responsibility and authority for assigning by line item the state funds allocated to the department by the President for the fiscal year. Accordingly, they are to be held accountable for ensuring that the department's expenses do not exceed the allocated budgets."

To supplement the preceding statement, a quarterly budget review will be held with each department chair by the Vice President for Departmental Affairs and the Budget Director. This review will examine expenditures to date against budget allocations and will develop appropriate actions to prevent any year-end deficits.

#### State Funding for Auxiliary Facility

The square footage in the garage was inadvertently listed in the Formula Budget Calculations for only one year, 1984-85, and was removed from the calculation the following year. 1984-85 was the first year of operation and the garage was completed after the fall semester began. There was, therefore, very little use made of the garage during the first year and the funds were needed to meet expenses. The use increased the second year which allowed adequate revenue to finance the entire operations including Debt Service payments.

#### Supplies Used in Dormitories

This was a one time error which arose when supervisors changed and responsibilities were consolidated. Proper charge backs were made late in fiscal 1986. Proper charges to dorms are currently in force.

#### Personal Service Charges to Dormitory Account

The payment from dorm fees for non-dormitory personnel is an allocation of cost of maintenance personnel who spend much of their time in maintenance of the dormitories. This accounting procedure was called for by a financial audit.

The procedure was determined to be less costly than hiring maintenance personnel dedicated to dorm maintenance only. Major repairs such as broken plumbing, air conditioning repairs and substantial physical alterations would be charged to the dorm account on a job-by-job basis under the latter procedure.

The matter of custodial workers not working in the housing area has been corrected. Student housing has its own housekeepers with dedicated assignments.

### Chapter III

#### Academic Affairs and Personnel

##### Admissions

Students have been admitted to the College of Charleston who did not meet the Predicted Grade Point Average (PGPA) stated in the College's admission policy. Exceptions were granted by admission officials and committees who, after a review of all information available on each student, concluded that the applicant was capable of completing college-level course work. These decisions were based on careful evaluation of the total record in terms of the past College performances of students with comparable experiences but a higher PGPA. The PGPA has not been found to be a completely reliable predictor of success in college, hence the extra effort to evaluate the individual's chance of satisfactory college performance.

The College of Charleston is reformulating its written admission policies. In addition to a statement of the general requirements for admission, the new policies will state the criteria for any exceptions to the general requirements and the procedures to be followed in making such exceptions. A statement of the alternate criteria applied in the grant of admission will be included in the file of any student admitted under special provisions.

##### Sick Leave

The College of Charleston has credited faculty members employed on a nine-month basis with sick leave for the summer months in which they are not under formal contract. This policy was followed by officials who understood that it conformed to State personnel regulations. Because the College has not been able to confirm this policy and because it appears to be contrary to State policy, the College Director of Personnel has been directed to credit sick leave only for the months of active employment.

All department chairs and program directors who supervise faculty members have been directed to record with the Personnel Office the number of hours that any faculty member is absent from work because of illness, irrespective of the duration of the absence. Time absent from work because of illness will be deducted from the faculty member's accrued sick leave. The faculty member's supervisor is made responsible for recording sick leave and the monthly employee reports will be checked by other administrators to assure compliance with State regulations.

##### Faculty Retirement Policy

The provision in the College of Charleston Faculty-Administration Manual noted in this section was applied to determine the 1985-86 salary increase (12%) of four faculty members. Of the four, three retired at the end of the 1985-86 academic year. This provision was not followed in fixing the 1986-87 salary of the fourth person, who will retire at the end of the current academic year (May 1987). The 1986-87 salary of this faculty member was



determined according to the same policies applied to all other College faculty members.

The provision in the Faculty-Administration Manual, thus, was not followed in 86-87 and will not be followed in determining future salary increases. It will be deleted from the College Manual as soon as a revision can be submitted to the South Carolina State College Board of Trustees for approval.

### Employee Evaluations

It is believed that some of the College employees included in this section of the report were not given annual evaluations because they were on some kind of leave, were temporarily engaged in activities different from those normally included in their annual performance review, or there had been a recent change of supervisors. In these instances, the responsible supervisor could not always give an evaluation which followed the College provisions and requirements. Despite these rather frequent situations, the College of Charleston will initiate a check system to ensure that performance evaluations are conducted for all employees as required by State regulations and College policies.

### Foreign Travel

General notice has been given to College employees that all official foreign travel, regardless of the source of funds, must be approved by the State Budget and Control Board prior to departure. Specific notice of this regulation will be given to all persons requesting funds for foreign travel and such requests will be granted only when submitted in sufficient time to obtain the required approval.

### Sabbatical Leave

In December, 1985 a faculty member who suffers from Gullain Barre Syndrome was granted a sabbatical leave of absence for the Spring semester 1986 by an administrator who is no longer with the College of Charleston. Although the faculty member was eligible for a sabbatical leave, the leave was granted so the faculty member could "recover your personal health." As noted in the report, College regulations state that sabbatical leaves are to be "clearly of a professional nature." In this instance, the faculty member granted the leave agreed to engage in activities designed to prepare materials related to courses he regularly teaches. The faculty member has not been able to return to work after the sabbatical leave and was subsequently placed on Leave Without Pay.

The College of Charleston intends that all future sabbatical leaves be granted in compliance with its written sabbatical leave policy and that requests for leaves which do not meet the stated conditions not be approved.

### Faculty Research Grants

The policy guidelines issued by the College Faculty Research and Development Committee, rather than the Faculty-Administration Manual, require

that all award recipients "must submit a final Report to the Vice President for Departmental Affairs on work conducted during tenure of the award, within six weeks of the end of the term of the award." While such reports may have been tardy in the past, a check shows that reports have been received from ten of the twelve faculty members who received awards from the Committee for the Fall 1985 and Spring 1986. One of the recipients is no longer with the College of Charleston and the remaining report is expected before the end of the first week of November.

A check system will be established by the Vice President for Departmental Affairs to ensure that faculty members receiving state-funded research grants submit timely final reports.

#### Chapter IV

#### OPERATIONS AND MANAGEMENT

##### Student Security Guards

Cost savings from using a student security force to replace contractual guard service must be weighed against other considerations. The College of Charleston is an inner city campus with easy access for pedestrian traffic and non-college citizens.

(a) With student guards there is a high risk factor in physical disputes. To reduce that factor requires careful training. There is a danger of overreaction to threatening situations with and between peers. Mediating among peers is difficult.

(b) The liability factor for the state agency is highest with student guards. It is somewhat removed and lessened with a contract guard service and is at a minimum with properly trained state officers.

(c) With student guards, the reliability in meeting assignments and scheduled watches is diminished at exam time and in the holiday seasons -- Christmas, Spring Break, and Summer. With a contract service, replacements can be obtained on very short notice.

##### Physical Plant Maintenance

The College Administration is aware of the need for an improved written preventive maintenance program for the Physical Plant. Over the past three years, physical plant managers used their entire work force to take care of required maintenance and repairs including any emergencies. The managers felt that, because of budget cuts, the staff was not adequate to provide both preventive maintenance and adequate required maintenance. Nevertheless, the College is attempting to develop a comprehensive preventive maintenance program, using part of the staff that historically has been used in the maintenance and repair areas, and will move further in this direction when not faced with budget reductions and less than satisfactory formula funding.

### Custodial Services

The College has 90 buildings on campus which includes approximately 75 single family historic houses. Many of these houses are used as faculty and administrative office space, small laboratories, and classrooms. These houses require more expensive custodial services because of the age of the buildings and the configuration of the space. Most of the houses are three or four stories; therefore, it takes more time to maintain these small individual houses on a square footage basis than it would to provide custodial services to a large new classroom or office building. Moving equipment from house to house and from one floor to another takes additional time as well as additional labor. The Commission on Higher Education recognizes this condition and provides under Step 12 of the Formula supplemental funding for the historic buildings of the College.

### Contracts for Consultant Services

The College is aware of the South Carolina Procurement Code and is committed to following the guidelines. The consultants used, however, were considered to be the experts in their fields. The computer consultants were five handpicked college and university computer experts along with one person from an accounting and management firm. These individuals were not from one consultant firm. They were individuals sought out for their particular and individual expertise. This contract was approved by the State Information Technology Planning Officer. This officer actually requested to be a member of the team and provided valuable input. The Consultants in enrollment studies were used because of their direct experience as College and University Admission officers, plus the individual studies they had completed over the last five years. The Administration feels justified in its actions taken to employ these individuals and consultants.

The State College Board of Trustees hired the chairman Emeritus to write the history of the Board from its inception to the present time. This person was employed because of his expertise and familiarity with the Board and the three Colleges during this period. It was felt that this was the only individual available that would have the time and expertise to accomplish this task within the guidelines and available budgets.

These contracts were audited by the South Carolina Procurement Auditors. They did not criticize the handling of these contracts.

### Central Stores Inventory Control

The College has not implemented a Perpetual Inventory System because of the labor intensity that would be involved; however, the Administration has made several changes to improve the handling of the inventory. Inventory records are kept in the Purchasing Department. The Purchasing Agent determines the need and the quantity of items to be acquired. The Administration is studying all inventory systems, seeking ways to improve the controls and efficiency of the operations.

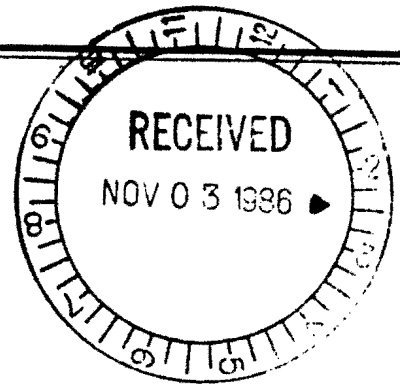
Early Childhood Development Center Admissions

A written admission policy for the ECDC has been adopted, a copy of which is enclosed herewith. This written policy is now being followed by the College of Charleston and, subject to appropriate and approved changes, will be used for future admissions to the program.



# College of Charleston

Charleston, South Carolina 29424



## ECDC ENROLLMENT POLICY

Enrollment in the College of Charleston's Early Childhood Development Center is open to children aged two through five, regardless of race, religion, or nationality. A child must be two by October 31 to be eligible for enrollment. Handicapped and minority children are actively recruited. Younger siblings of currently enrolled children are accepted without application. The enrollment profile depends on the application profile.

Applications, on the ECDC Application Form accompanied by a non-refundable application fee of \$10.00, are accepted throughout the year. In March, the Director screens the applications and presents those eligible for enrollment to the ECDC Coordinating Committee for approval. Decision for acceptance is based on the following guidelines:

1. Priority enrollment is given to College of Charleston faculty, staff, and students (up to 50% of each class). College of Charleston employees and students have equal acceptance status. Date of application determines rank.
2. Second priority is given to minorities (up to 30% of each class).
3. Other children are accepted by date of application.

Applications are kept on file until the child is six. If an opening occurs during the year due to a child's leaving ECDC, the same process as March acceptance is followed.